

THE TORONTO STOCK EXCHANGE

9/7/70

FILING STATEMENT NO. 1743.

FILED, JULY 30th, 1970.

THE INTERNATIONAL HELIUM COMPANY LIMITED

Full corporate name of Company

Incorporated under Part IV of the Corporations Act (Ontario) by Letters Patent dated May 26, 1960 as amended by Supplementary Letters Patent dated April 24, 1961, Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 May 8, 1961, (Ontario) by Letters Patent dated May 1st, 1957). May 26, 1963 and November 2, 1966.

FILING STATEMENT

Reference is made to previous

Filing Statement No. 1636.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.

(a) Changes in officers and directors (see Item 3).

(b) Loan of approximately \$290,000 to the Company by Gairdner & Company Limited between April and October, 1969. Additional loan of approximately \$215,000 by The Glengair Group Limited, Gairdner & Company Limited and Brantor Ltd. since December 31, 1969 (see Item 20).

(c) Option agreement made as of January 6, 1970, as amended under which the Company acquired an option from Fernando Ysita Septien to acquire 49% of the shares of a Mexican mining company to be incorporated under the name of Minera La Dicha S.A., to which company certain exploitation concessions and exploration permits located in Mexico, known as the La Dicha Properties, will be transferred (see Item 20).

(d) Proposed consolidation of the Company's issued shares on the basis of one new share for every ten old shares and increase of the authorized capital.

(e) Proposed exchange, subject to requisite sanctions, consents and approvals being obtained, of all the Company's 6% Sinking Fund Debentures, 7% Convertible Subordinated Debentures, certain loans by shareholders of the Company, promissory note or notes of the Company issued to Resources Engineering of Canada Limited and Resources Consultants of Canada Limited (later mentioned) amounting in the aggregate to \$390,976, together with all interest accrued and owing thereon up to April 1, 1970, for shares of the Company on the basis of one share for every \$5.00 principal and interest exchanged and forgiveness of all interest on such debentures, loans and notes after April 1, 1970 up to the time of such exchange.

(f) Proposed change of the Company's name to Mineral Resources International Limited.

(g) Settlement of the action brought against the Company by Resources Engineering of Canada Limited and Resources Consultants of Canada Limited.

(h) Agreement dated May 29, 1970 between the Company and Provident Resources Management Ltd. pursuant to which the Company agreed to sell the Pembina oil properties for \$400,000.

(i) Sale of equipment by the Company for a purchase price of \$8,000.

2. Head office address and any other office address.

Suite 907, 11 King Street West,
Toronto 1, Ontario.

3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	<u>Office</u>	<u>Name</u>	<u>Address</u>	<u>Occupation</u>
	President (Director)	John H. Brown	481 County Club Cres., Clarkson, Ontario.	Executive.
	Vice-President (Director)	J. H. Hawke	34 Whitney Avenue, Toronto 5, Ontario.	Executive.
	Secretary-Treasurer (Director)	Douglas C. Vickers	225 Davisville Avenue, Toronto, Ontario.	Executive.
	Director	Graham C. Ferguson	34 Wilket Road, Toronto, Ontario.	Executive
	Director	J. S. Gairdner	1502 Lakeshore Rd. E., Oakville, Ontario.	Executive
	Director	J. A. Gairdner	1306 Lakeshore Rd. E., Oakville, Ontario.	Executive
	Director	Salter A. Hayden	140 Heath Street W., Toronto 7, Ontario.	Queen's Counsel and Member of The Senate of Canada.
	Director	Douglas G. Milne	43 Wilket Road, Toronto, Ontario.	Barrister and Queen's Counsel
	Director	Douglas B. Newman	60 Mountview Avenue, Apt. 712, Toronto, Ontario.	Accounting Supervisor.
Changes in Officers and Directors <u>Since Last Annual Meeting</u>				
1. On May 30, 1969 Mr. C. H. van Brink resigned as President and Director and John Brown was elected a Director and President.				
2. On November 14, 1969 Mr. Louis Erlich resigned as Chairman of the Board and Director.				
3. On November 14, 1969 Mr. D. C. Vickers was elected a Director.				
4. Share capitalization showing authorized and issued and outstanding capital.	<u>Authorized</u> - 12,000,000 shares without par value <u>Issued and Outstanding</u> - 9,885,588 shares			
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	<u>Principal Amount</u> (1) \$1,216,000 6% Sinking Fund Debentures due October 1, 1975. (2) \$2,885,000 7% Convertible Subordinated Debentures due November 15, 1973. (3) Production loans - approximately \$205,000. (4) Notes issued and indebtedness to Shareholders - to be exchanged for shares as mentioned in Item 20 - \$4,444,075. (5) Note issued to Resources Engineering of Canada Limited and Resources Consultants of Canada Limited in settlement of action (see Item 19) - \$390,976. (6) Notes issued to shareholders (not to be exchanged for shares) - approximately \$215,000.			

<p>6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.</p>	<p>The employee stock option mentioned in filing statement No. 1636 granted to C. H. Van Brink was cancelled upon the termination of his employment. No shares are subject to any option, underwriting or sale at the present time except</p> <p>(1) option granted to V. V. Jacomini, an independent consulting engineer, on April 4, 1968 to purchase 100,000 shares at \$2.00 each, commencing in 1968, and</p> <p>(2) option by the Company or the holder or holders thereof to convert the promissory note or notes granted to Resources Engineering of Canada Limited and Resources Consultants of Canada Limited into shares of the Company at a price of 50¢ before the consolidation mentioned in Item 1 above is effected, and \$5.00 thereafter (see Item 20).</p> <p>The 7% Convertible Subordinated Debentures are, by their terms convertible into common shares of the Company. However, it is proposed, subject to requisite consents and approvals being obtained, that the said Debentures will be exchanged for shares of the Company (see Item 20).</p>
<p>7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.</p>	<p>V. V. Jacomini, an independent consulting engineer has a stock option (see Item 6). For particulars concerning the Company's 7% Convertible Subordinated Debentures see Item 10 of the Company's filing statement dated December 16, 1966. For particulars concerning the proposed exchange of 6% Sinking Fund Debentures, 7% Convertible Subordinated Debentures and other indebtedness, see Item 20.</p>
<p>8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.</p>	<p>None.</p>
<p>9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.</p>	<p>See Schedule "A" on page 4.</p>
<p>10. Brief statement of company's chief development work during past year.</p>	<p>See Schedule "A" on page 4.</p>
<p>11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.</p>	<p>Fernando Ysita Septien, 88 Avenida Juarez, Mexico City Mexico. Consideration payable in respect of the option is \$50,000 upon execution of option agreement and 5 instalments of \$20,000 each 4 months apart to keep the option in good standing and constitute exercise, thereafter 600,000 free shares of the Company plus 100,000 free shares of the Company for every million tons of ore located on the La Dicha Properties over and above 6 million tons up to a maximum of 1,500,000 shares (including the said 600,000 shares) (See Item 20).</p>
<p>12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company</p>	<p>Fernando Ysita Septien, 88 Avenida Juarez, Mexico City, Mexico.</p>
<p>13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.</p>	<p>2,916,200 shares are held in escrow of which 1,641,200 shares are subject to release only with the prior written consent of the Toronto Stock Exchange, 1,225,000 shares are subject to release only on the written consent of the Toronto Stock Exchange and the Ontario Securities Commission, and 50,000 shares are held subject to release only on the written consent of the Toronto Stock Exchange.</p>

SCHEDULE "A"

Mexico

A drilling and coring program on the Hornillas Concession owned by the Company's affiliate Azufres Nacionales Mexicanos S.A. de C.V. (in which the Company has a 34% interest) was carried out and completed in the latter part of 1969. This program, according to the Company's own engineers, proved up an additional 4,000,000 tons of sulphur in place bringing the total proven reserves in place on the Hornillas Concession to approximately 10,000,000 tons. A recovery rate of 70% was indicated by the program as opposed to a recovery rate of 2/3 formerly indicated. Work on the property is now on a maintenance basis pending improvement of world sulphur markets. Only nominal expenditures are required to maintain the property.

Under an agreement with Azufres Nacionales Mexicanos S.A. de C.V. the Company is committed to provide an additional \$168,856 to Azufres Nacionales Mexicanos S.A. de C.V. for operating capital upon request of the Board of Administration of Azufres Nacionales Mexicanos S.A. de C.V. The Board of Administration has agreed to defer any additional payments on this commitment during the period when the Mexican properties are being carried on a maintenance basis.

Guatemala

A program of drilling and density testing was carried out on the Lake Ixpaco sulphur deposit in Guatemala owned by the Company's affiliate International Helium de Guatemala y Companias Ltda. (50% owned by the Company). Reference is made to the engineer's report dated February 13, 1970 by H. Rudd, P. Eng., which reports that there is a volume on the Lake Ixpaco concession of 1,150,820 cubic meters of product, having a dry weight of 754,605 metric tons averaging 65.06¢ by weight and a total content of 490,975 tons of sulphur.

During 1969 investigations were made into various possible methods of economic processing and extracting the sulphur on the Lake Ixpaco Concession. Most of these methods were found to be unsuccessful or too expensive in relation to the particular sulphur deposit involved. Consideration is being given to installing a Sauerman Slackline Cable Machine handling a 1 to 1½ cubic yard bucket. This facility would cost approximately \$90,000 to install and could be run on a minimal operating budget. Consideration is also being given to selling the sulphur product for conversion into sulphuric acid and negotiations are currently being made with a large American mining company in Guatemala with a view to selling 100 tons of sulphur product per day for conversion into sulphuric acid. Work on the property is now on a maintenance basis with maintenance expenditures amounting to approximately \$5,000 per month. It is expected that these expenditures, together with the amount required for the aforesaid slackline (if such is purchased) can be financed over the next year through the continued sale of surplus equipment.

Helium

The Company engaged C. A. L. Hogg, P. Eng. in December, 1969 to re-evaluate the Company's helium bearing gas wells located in Mankota, Saskatchewan with a view to commencing marketing studies for the sale of helium in the world markets. Reference is made to Mr. Hogg's report dated December 31, 1969. The report indicates that there are .7 billion cubic feet of helium reserves.

The Company does not contemplate at this stage spending funds over the next year in respect of its helium properties other than making lease payments to the Saskatchewan government and Texaco Oil Company Limited. The lease payments will amount to \$16,871 over the next year.

Mexico La Dicha

Reference is made to the report of D. M. Cannon, P. Eng., of Cannon-Hicks Associates Ltd., Vancouver, British Columbia, dated December, 1969 for the Company's future development plans with respect to the La Dicha Properties.

Approximately \$50,000 has already been spent for exploration on the La Dicha Properties in Mexico by the Company. The funds have been spent mainly on adit and road rehabilitation, setting up camps and surveying. The Company plans to spend approximately \$75,000 on exploration work on the La Dicha Properties during the ensuing year in accordance with the recommendations of D. M. Cannon.

SCHEDULE "B"

Issued Shares 9,885,588

5% = 494,279

Five largest holders:

Gairloch Investments Ltd., 1,801,500 (1)
P.O. Box 76,
Toronto-Dominion Centre,
Toronto 111, Ontario.

Gairdner & Co., 1,149,075 (2)
P.O. Box 53,
Toronto-Dominion Centre,
Toronto 111, Ontario.

Gairloch Corporation Ltd., 1,038,709
c/o Bank of London & Montreal,
Nassau, Bahamas.

Brantor Ltd., 997,000
P.O. Box 76,
Toronto-Dominion Centre,
Toronto 111, Ontario.

Glengair Investments Ltd., 684,820
52nd Floor,
Toronto-Dominion Centre,
Toronto 111, Ontario.

- (1) Beneficially owned as to 1,001,500 shares by Gairloch Investments Ltd., and as to 800,000 shares by Brantor Ltd.
- (2) Beneficially owned as to 150,000 shares by Glengair Investments Ltd., a wholly owned subsidiary of The Glengair Group Limited and as to 50,900 shares by Gairdner & Company Limited.

SCHEDULE "C"

Loan by Gairdner & Company Limited

Gairdner & Company Limited loaned the Company, by way of unsecured advances repayable on demand approximately \$290,000 during the period between April and October, 1969, and Brantor Ltd. and Gairdner & Company Limited and The Glengair Group Limited together loaned the Company approximately \$215,000 since December 31, 1969, on a demand note. The \$290,000 will be included in the indebtedness to be exchanged for shares (see below) and the \$215,000 will not be so included. In addition, The Glengair Group Limited and Brantor Ltd. (shareholders of the Company) have stated that they may loan to the Company a further sum of \$110,000 as and when, in their opinion, it is required by the Company. The said shareholders are, however, under no obligation to provide this loan. In the event that this loan is made, the amount thereof will not be included in the indebtedness to be exchanged for shares but may, together with the \$215,000 loan made by Gairdner & Company Limited and Brantor Ltd. mentioned above, be convertible into common shares of any new subsidiary of the Company formed for the purpose of financing the La Dicha mining interests (mentioned below) at a price equal to the price at which common shares of such new subsidiary are first sold to the public pursuant to an underwriting (if any).

Option Agreement

By agreement made as of January 6, 1970 between Fernando Ysita Septien ("Ysita") and the Company, as amended, Ysita granted to the Company an option, exercisable on or before July 6, 1971, to acquire 49% of the issued and outstanding shares in the capital of a Mexican mining company to be incorporated under the name of Minera La Dicha S.A. ("La Dicha S.A."). Pursuant to the agreement the Company paid \$50,000 to Ysita upon execution. The agreement, as amended, provides that in order to keep the option in good standing the Company must pay \$100,000 in five (5) equal instalments of \$20,000, four (4) months apart commencing on March 6, 1970 and issue to Ysita as soon as practicable after the plan of reorganization as referred to under the headings "Consolidation and Increase of Capital" and "Exchange of Indebtedness" below (hereinafter called the "Plan of Reorganization") is completed, 50,000 shares in the capital of the Company (as constituted immediately after the Plan of Reorganization is completed) listed on one or more of the Canadian, Toronto or Vancouver Stock Exchanges and free of any escrow provisions. The first two (2) instalments of \$20,000 each, due March 6, 1970 and July 6, 1970 have been paid.

So long as the Company is not in default it may exercise the option by delivering a notice in writing on or before July 6, 1971 accompanied by payment of the unpaid portion of the abovementioned \$100,000. The option will be deemed to be exercised on the thirtieth (30th) day after delivery of the notice and the paying of the unpaid balance (if any) provided that the Company has, on or before that date delivered to Ysita certificates representing 550,000 shares of the Company (as constituted immediately after the Plan of Reorganization is completed) listed on one or more of the Canadian, Toronto or Vancouver Stock Exchanges, and free of any escrow provisions. Forthwith upon receipt of such certificates, Ysita shall deliver to the Company certificates representing 49% of the issued and outstanding shares in the capital of La Dicha S.A.

Ysita is obliged to transfer and/or cause to be transferred to La Dicha S.A., before the exercise of the option, title to and all the beneficial interest in certain exploitation concessions and exploration permits filed in the Chilpacingo Agency in Guerrero in the State of Gro., Mexico, commonly known as the La Dicha Properties. In the event that the Company acquires the La Dicha S.A. shares, it will be obligated to issue to Ysita an additional 100,000 shares free of escrow for every million tons of proven ore (as determined by Cannon-Hicks Associates Ltd.) on the La Dicha Properties over and above 6 million tons, up to a maximum of 900,000 shares (in addition to the 600,000 shares mentioned above).

Until the option is exercised or terminated the Company is obliged to ensure that sufficient exploration work is done on the La Dicha Properties to keep them in good standing under the laws of Mexico. After exercise of the option the Company will be further obligated,

(a) before July 1, 1972 to carry out for the account of La Dicha S.A. or arrange for it to be put into a position to carry out on its own behalf a mining exploration program on the La Dicha Properties in consultation with Cannon-Hicks Associates Ltd. and sufficient to keep the La Dicha Properties in good standing under the laws of Mexico.

(b) before July 1, 1972 to prepare or cause to be prepared for the account of La Dicha S.A. a feasibility study and if recommended by such feasibility study, a mill design, and

(c) before July 1, 1973 to use its best efforts to provide financing for and cause construction to be commenced of a plant on the La Dicha Properties as recommended by the aforesaid feasibility study and mill design, if such is so recommended.

The time for performing these functions will be extended during such time, if any, as the U.S. posted price for copper (as defined in the agreement) falls below 40¢ U.S. per pound, such extension however, not to exceed one (1) year in respect of the functions mentioned in subparagraphs (a) and (b) above. If the Company fails to perform the above functions, Ysita shall have the right to perform them on behalf of La Dicha S.A. and take over management of the La Dicha Properties.

If the option is exercised Ysita shall cause La Dicha S.A. to enter into a management contract with the Company on such terms as are common for Mexican mining companies in which a substantial minority interest is owned by non-Mexican nationals and in full compliance with the laws of Mexico.

The particulars of the abovementioned agreement have been provided for information purposes only. Shareholder approval will not be requested. The Toronto Stock Exchange has stated that it will give its approval to the Company issuing with respect to the option, only that number of the Company's shares as will amount to one (1) share for every \$1.00 spent for exploration on the La Dicha Properties. Consequently, for the Company to exercise the option with the approval of the Toronto Stock Exchange, it must have expended \$600,000 in the aggregate for exploration of the La Dicha Properties. The Company has given an undertaking to the Toronto Stock Exchange that it will not issue shares pursuant to the option agreement except in accordance with the above requirements so long as the Company's shares are listed on the Toronto Stock Exchange, and furthermore, in the event that the Company's shares are not listed on the Toronto Stock Exchange, that it will issue such shares only upon approval of other regulatory bodies having jurisdiction in the matter. The Company, however, will not be restricted in issuing the 100,000 shares for every million tons of ore on the La Dicha Properties over and above 6 million tons as mentioned above.

In the event that the Company exercises its option to acquire the 49% interest in La Dicha S.A., it intends to transfer such interest to a new company to be formed which will initially be a wholly owned subsidiary of the Company. Financing of the La Dicha mining interest may be carried out directly by such new subsidiary rather than by the Company.

Consolidation and Increase of Capital

It is proposed that the Company apply for supplementary letters patent consolidating its issued capital into 988,558 shares without par value on the basis of one (1) new share for every ten (10) old shares and increasing its authorized capital by the creation of an additional 2,897,030 shares without par value, each ranking on a parity with the aforesaid 988,558 shares as consolidated and the existing 2,114,412 unissued shares.

Exchange of Indebtedness

It is proposed that the following exchange of indebtedness of the Company be effected on the basis of one (1) share of the Company for each \$5.00 principal amount of and interest on such indebtedness as at April 1, 1970, and the forgiveness of all interest thereon after April 1, 1970, subject to the requisite approvals, sanctions and authorizations being obtained and subject to the consolidation of the Company's issued share capital on the basis of one (1) new common share for each ten (10) old common shares of the Company.

<u>Indebtedness</u>	<u>Principal Amount Outstanding as at April 1, 1970</u>	<u>Accrued Interest Owing as at April 1, 1970</u>	<u>Number of Shares to be Issued in Exchange</u>
6% Sinking Fund Debentures	\$1,216,000	\$ 36,480	250,496
7% Convertible Subordinated Debentures	2,885,000	389,250	654,850
Indebtedness to Brantor Ltd.	3,729,208	771,371	900,116
Indebtedness to Gairdner & Company Limited	304,750	17,924	64,535

<u>Indebtedness</u>	<u>Principal Amount Outstanding as at April 1, 1970</u>	<u>Accrued Interest Owing as at April 1, 1970</u>	<u>Number of Shares to be Issued in Exchange</u>
Indebtedness to Louis Erlich	\$ 69,500	\$ 3,788	14,658
Indebtedness to Gairpark Enterprises Limited	112,100	23,156	27,051
Indebtedness to Gairloch Investments Ltd.	156,333	31,946	37,656
Indebtedness to The Glengair Group Limited	72,184	14,902	17,317
Note or notes issued to Resources Engineering of Canada Limited and Resources Consultants of Canada Limited	390,976	3,856	78,966
	<u>\$8,936,051</u>	<u>\$1,292,673</u>	<u>2,045,745</u>

After the exchange of indebtedness and the consolidation is effected, the aggregate number of issued and outstanding shares of the Company will be 3,034,303 of which 2,045,745 will be held by the holders of indebtedness exchanged and 988,558 by the existing shareholders.

Change of Name

The Company proposes to apply for supplementary letters patent changing its name to Mineral Resources International Limited in order that the name of the Company reflect more fully the diversified mineral resources business of the Company.

Settlement of Resources Engineering Action

As disclosed in the Company's filing statement dated October 23, 1968 and filed with the Toronto Stock Exchange, Resources Engineering of Canada Limited and Resources Consultants of Canada Limited (the "Resources Companies") commenced an action against the Company claiming \$392,394.14 which they alleged was due and owing under certain contracts for advice, design and supervision and claiming estimated damages of \$485,000 in respect to such contracts. This action has now been settled on the terms that the Company gives a promissory note or notes in the aggregate principal amount of \$390,976 maturing on December 31, 1970 bearing interest at 6% per annum and subject to the following conditions:

- (a) the Company may, without notice or penalty, prepay all or any part of the note;
- (b) the Resources Companies may, at their option, convert the Resources note at any time after August 14, 1970 into shares of the Company;
- (c) the Company may require the Resources Companies to convert the Resources note at any time into shares of the Company;

and pay \$25,000 to the Resources Companies in satisfaction of their costs in respect of the action. The price per share at which the note is to be converted into shares of the Company is \$.50 before the Consolidation takes place and \$5.00 after the Consolidation. The Resources Companies have agreed to forgive interest on the note or notes after April 1, 1970, provided that the exchange of indebtedness referred to above takes place.

Sale of U. S. Properties

The Company's U.S. subsidiary, International Helium, Inc., proposes to sell all its U. S. oil and gas properties. Management expects that the total sales price will be approximately U.S.\$250,000. In a report dated December 26, 1968 Schafer Engineering Inc. reported that the present worth, discounted at 7%, of these properties was at the date of the report, approximately \$294,000.

Sale of Equipment

The Company has agreed on a firm basis to sell one (1) water bed cooling unit to Sandvik Manufacturing Company of Montreal for a purchase price of \$8,000.

FINANCIAL STATEMENTS

THE INTERNATIONAL HELIUM COMPANY LIMITED
(Incorporated under the Corporations Act-Ontario)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1970

	Consolidated Balance Sheet 1970	Pro Forma Consolidated Balance Sheet
<u>Assets</u>		
Current		
Cash	\$ 96,112	\$ 96,112
Accounts receivable	20,431	20,431
Due from directors and officers	150	150
Deposits and prepaid expenses	10,612	10,612
	127,305	127,305
Investments in Mexico and Guatemala		
Share capital	6,262,097	6,262,097
Advances receivable	3,071,417	3,071,417
Expenditures on behalf of Azufres de Guatemala Limitada	1,444,661	1,444,661
Deferred expenses	2,282,655	2,282,655
Exploration and development expenses	251,669	251,669
Option to acquire 49% of the shares of Minera La Dicha S.A.	54,000	54,000
	13,366,499	13,366,499
Helium leases under development	1,094,693	1,094,693
Oil and gas leases and related well costs	47,617	47,617
Fixed		
Interest in leases, well costs and equipment, net of accumulated depletion and depreciation	816,934	816,934
Deferred		
Development and other expenditures	1,873,502	1,873,502
Discount on debentures, less amortization	74,484	-
Long-term debt costs, less amortization	154,042	-
	2,102,028	1,873,502
	\$17,555,076	\$17,326,550
President		
Secretary-Treasurer.		

THE INTERNATIONAL HELIUM COMPANY LIMITED
(Incorporated under the Corporations Act-Ontario)
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET AND PRO FORMA CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 1970

	<u>Consolidated Balance Sheet 1970</u>	<u>Pro Forma Consolidated Balance Sheet</u>
Current		
Accounts payable and accrued liabilities	\$ 530,035	\$ 139,059
Bank production loans, secured, current portion	17,944	17,944
U.S. income taxes payable	11,624	11,624
Loans from shareholders, partially secured	4,343,791	84,000
Loans payable, other	184,284	-
Accrued interest payable	1,292,673	-
	<u>6,380,351</u>	<u>252,627</u>
Long-term debt		
Bank production loans, secured, less current portion	212,239	212,239
6% sinking fund debentures, due October 1, 1975	1,216,000	-
7% convertible subordinated debentures, due November 15, 1973	2,885,000	-
	<u>4,313,239</u>	<u>212,239</u>
	<u>30,555</u>	<u>30,555</u>
Minority shareholders' interest in Apache Oil & Helium Corporation		
Capital stock		
Authorized		
Consolidated balance sheet, 12,000,000 shares without par value		
Pro forma consolidated balance sheet, 6,000,000 shares without par value		
Issued and fully paid	Shares	Pro forma
	<u>Consolidated Balance Sheet</u>	<u>Consolidated Balance Sheet</u>
For assets, including helium agreements, mining claims and sulphur properties	\$ 8,583,228	\$ 858,322
For cash	1,264,027	126,403
On conversion of debentures	38,333	2,049,578
	<u>9,885,588</u>	<u>3,034,303</u>
Deficit		
Contributed surplus	10,774,192	10,774,192
	1,578,668	1,578,668
	115,000	10,343,724
	12,467,860	22,696,584
	(5,764,929)	(5,865,455)
	128,000	-
	<u>6,830,931</u>	<u>16,831,129</u>
Reorganization, subsequent events and commitments		
	<u>\$17,555,076</u>	<u>\$17,326,550</u>

THE INTERNATIONAL HELIUM COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF DEFERRED EXPENSES - MEXICO AND GUATEMALA FOR THE THREE MONTHS ENDED MARCH 31, 1970.

	Balance December 31 1969	Expenditures for Three Months	Balance March 31 1970
Management salaries	\$ 218,747	\$ 5,309	\$ 224,056
Professional services	80,742	-	80,742
Travelling	210,224	1,139	211,363
Office and accounting	58,744	9	58,753
Interest and other financial expenses	618,763	112,896	731,659
Debenture interest	934,239	68,588	1,002,827
Amortization of debenture discount	49,656	3,385	53,041
Amortization of debenture financing expenses	86,885	6,032	92,917
Equipment	36,072	-	36,072
Engineering and consulting fees	<u>129,795</u> <u>2,423,867</u>	<u>-</u> <u>197,358</u>	<u>129,795</u> <u>2,621,225</u>
Exploration diamond drilling "La Dicha"	<u>-</u>	<u>8,228</u>	<u>8,228</u>
Less			
Interest income	297,071	22,065	319,136
Gain on purchase of debentures for cancellation	<u>27,662</u> <u>324,733</u>	<u>-</u> <u>22,065</u>	<u>27,662</u> <u>346,798</u>
	\$2,099,134	\$183,521	\$2,282,655
	<u><u> </u></u>	<u><u> </u></u>	<u><u> </u></u>

THE INTERNATIONAL HELIUM COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF DEFERRED DEVELOPMENT AND OTHER EXPENDITURES FOR THE THREE MONTHS ENDED MARCH 31, 1970

	Balance December 31 1969	Transactions During the Three Months	Balance March 31 1970
Development			
Helium leases, Saskatchewan	\$ 111,388	\$ -	\$ 111,388
Geological reports and fees	54,491	-	54,491
Engineering fees	187,187	3,870	191,057
Lease rentals	199,122	-	199,122
Well development	8,488	-	8,488
Licenses and miscellaneous	560,676	3,870	564,546
	145,231	-	145,231
	415,445	3,870	419,315
Less cost of dry holes written off			
Oil and gas leases, United States	22,835	-	22,835
Well development	29,946	-	29,946
Engineering fees	25,752	940	26,397
Production expenses	83,982	3,684	87,961
Depreciation and depletion	162,515	4,624	167,139
	78,658	6,011	84,669
	83,857	(1,387)	82,470
	(83,857)	-	(83,857)
	-	(1,387)	(1,387)
Less oil and gas sales			
Less development costs written off			
Administrative and other			
Salaries	330,121	2,654	332,775
Professional services	177,970	12,932	190,902
Travelling	180,290	1,947	182,237
Office and accounting	324,120	7,097	331,217
Printing and advertising	64,883	10	64,893
Management, stock transfer and listing fees	132,982	6,238	139,220
Interest and other financial expense	315,176	1,849	317,025
Debenture interest	44,397	-	44,397
Amortization of debenture discount	7,900	-	7,900
Amortization of debenture financing expense	32,370	-	32,370
	1,610,209	32,727	1,642,936
	125,965	1,376	127,341
	1,484,244	31,351	1,515,595
Less interest income			
Less administrative and other expenses on oil and gas leases written off	60,021	-	60,021
Net administrative and other	1,424,223	31,351	1,455,574
Total deferred development and other expenditures	\$1,839,668	\$33,834	\$1,873,502

THE INTERNATIONAL HELIUM COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF INCOME AND DEFICIT
FOR THE THREE MONTHS ENDED MARCH 31, 1970

	1970
	\$ <u>48,545</u>
Oil and gas sales	
Lease operating expenses	
Production expenses	\$16,838
Royalties	3,406
Interest on bank production loans	<u>3,572</u>
	23,816
General overhead expenses	<u>14,664</u>
	<u>38,480</u>
Income from production before the undernoted items	10,065
Depreciation and depletion	18,650
Amortization of long-term loan costs	1,487
Provision for U.S. income taxes	1,486
Provision for minority shareholders' interest in income of Apache Oil & Helium Corporation	<u>95</u>
	<u>21,718</u>
Net loss for the three months	11,653
Deficit January 1, 1970	<u>5,753,276</u>
Deficit March 31, 1970	<u>\$5,764,929</u>

THE INTERNATIONAL HELIUM COMPANY LIMITED
AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR THE THREE MONTHS ENDED MARCH 31, 1970

	<u>1970</u>
Source of funds	
From operations	
Charges to operations not requiring use of funds:	
Depreciation and depletion	\$ 18,650
Amortization of long-term loan costs	1,487
Minority shareholders' interest	95
	<u>20,232</u>
	<u>11,653</u>
Less net loss for the three months	
Funds from operations	8,579
From working capital	<u>300,613</u>
	<u>\$309,192</u>
Application of funds	
Advances to Mexico and Guatemala:	
Azufres de Guatemala Limitada and on behalf of Azufres de Guatemala Limitada	\$ 42,575
Deferred expenses, Mexico & Guatemala, net charges not requiring use of funds	174,104
Exploration and development expenses, Mexico	1,134
Investment in shares of Compania Minera "La Ninita"	371
Option to acquire 49% of the shares of Minera La Dicha S.A.	54,000
Reduction of deferred portion of long-term debt	6,858
Deferred development and other expenditures, net charges not requiring use of funds	<u>30,150</u>
	<u>\$309,192</u>

THE INTERNATIONAL HELIUM COMPANY LIMITED
SCHEDULE ACCOMPANYING ACCOUNTS AT MARCH 31, 1970

	<u>April 1, 1970 to March 31, 1971</u>	<u>April 1, 1970 to March 31, 1970</u>
Deficiency as per accounts at April 1, 1970		\$ (125,322.00)
Accounts Receivable		
Subsequent to March 31		
Sale of Pembina Wells		400,000.00
Sale of equipment		8,000.00
Sale of United States Properties		250,000.00
		<u>532,678.00</u>
Accounts Payable		
<u>April 1, 1970 to March 31, 1971</u>		
Acquisition of La Dicha Option	162,000.00	
Less already paid	<u>75,600.00</u>	86,400.00
Cannon Hicks	112,000.00	
Less already paid	<u>37,000.00</u>	75,000.00
Bank of New York		198,000.00
Guatemala, Maintenance pending production	60,000.00	
Mexico, Maintenance pending production	2,000.00	
Salaries	20,300.00	
Rent	2,328.00	
Telephone	1,768.70	
Insurance	723.60	
Travel	4,426.12	
General	304.44	
Taxes	143.63	
Legal & Audit	21,380.49	
Production expenses	2,589.64	
Lease Rentals (Helium Properties Saskatchewan)	<u>16,871.10</u>	132,835.72
Excess of requirements for one year		<u>492,235.72</u>
		<u>\$ 40,442.28</u>

Funds to be acquired on the sale of the eight Oil Wells in Alberta in the amount of \$400,000 are to be applied in retiring the Bank Production Loan at the Bank of New York. This in turn will allow properties held by International Helium Inc. to complete transactions for the sale of properties in the amount of \$250,000, such sales to be effected within three months. Operations in Guatemala at the present time require no further funds from the parent company by reason of the operation being financed from the sale of surplus equipment. Operations in Mexico are also on a maintenance basis and no further funds are expected to be expended until the company goes into production, other than accounting and legal fees.

THE INTERNATIONAL HELIUM COMPANY LIMITED.

NOTES TO SCHEDULE ACCOMPANYING ACCOUNTS AT
MARCH 31, 1970.

NOTE 1.

Properties held by International Helium Inc., are expected to raise \$250,000.00 based on a valuation of offers already received on partial properties. No firm sale agreements have been made but it is expected that the sale arrangements may be made within 60 to 90 days.

NOTE 2.

Under the terms of the Option to acquire the La Dicha property \$150,000.00 is required to be paid. Prior to March 31 and included in the accounts \$50,000.00 had been paid, and subsequently an additional \$20,000.00 has been paid.

NOTE 3.

In accordance with the Engineers recommendations \$112,000.00 will possibly be required to conduct the initial investigations to this date \$37,000.00 has been paid to Cannon Hicks for work already carried out.

NOTE 4.

The Bank Production Loan outstanding has been shown as a net amount outstanding after making provision for the current portion of the debt in the accounts at March 31, 1970. The Loan at this date is \$205,000.00 (\$17,900.00 already provided for in Deficiency of Working Capital at March 31, 1970 and \$187,100.00 shown on schedule).

NOTE 5.

Maintenance on Mexican properties provides for accounting functions and nightwatchmen. No other expenditures are envisaged in the near future.

NOTE 6.

Salaries are calculated to cover the cost of the Secretary Treasurer and his secretary being the sole employees. No other staff is expected to be hired until conditions warrant expansion.

NOTE 7.

Production expenses are current and once the sale of the Pembina Wells has been completed no further expenses will be incurred.

NOTE 8.

Expenses covering the Helium Wells in Saskatchewan are to hold the property in good standing and no additional expenses are expected to be incurred until the stage at which senior financing will be available for placing this property into production.

N O T E:

No provision has been made for the maintenance of this Company's property in Guatemala by reason of the fact that expenses are being paid out of funds received or to be received from the sale of surplus equipment at that site.

ENGINEER S REPORT

NOTE: The following excerpts are from a report dated December, 1969, by D. M. Cannon, P. Eng. on the "La Dicha" property in Chilpancingo, Guerrero, Mexico. A copy of this report is on file with The Toronto Stock Exchange.

SUMMARY:

The La Dicha property contains within its boundaries, a replacement zone of heavy sulphides that extends for an observed distance of more than 5,000 feet. It is probable that the sulphide deposits along this length will be somewhat lenticular but there is no evidence of actual discontinuity. Widths observed are variable. The most southerly exposure in No. 8 adit is 32 metres on the horizontal section. The most northerly exposure in the bed of the river is 4.5 metres wide. Both sections are comprised of nearly massive pyrrhotite containing an appreciable content of chalcopyrite.

It was not proven during this examination but the work of earlier operators and examiners suggest that the zone continues on strike for several kilometres beyond the observed limits. Discussions with disinterested parties reveal that the continuity of the zone to the south was tested by diamond drilling, but there was no drilling done in the section inspected by the writer and investigated by previous operators.

Values are mostly in copper, but there are additional credits for gold and silver. In my opinion, the deposit will "stand or fall" as a copper mine.

RECOMMENDATIONS:

The following recommendations are made as the first phase of an exploration programme. It is considered probable that a more comprehensive investigation will be required, but the details will be predicated on the results of Phase I.

Phase I.

(1) Survey:

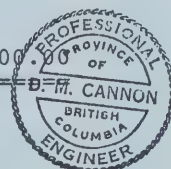
- (a) To accurately tie in property boundaries and corners.
- (b) To properly orient the various workings with respect to one another and with pertinent P.P. Monuments.
- (c) To provide topographic sections along the lines of proposed drill holes.

- (2) Rehabilitate the old underground workings so that the geology can be mapped and the sulphide zones sampled.
- (3) Map the geology of the various workings as they become accessible.

- (4) Channel sample the various sulphide zones as they are exposed.
- (5) Repair the access road from the village of Pueblita to the No.1 shaft.
- (6) Layout and drill four diamond drill sections about 300 metres apart. As nearly as possible, these sections should be designed so that the horizontal intersection is provided by existing underground workings.

ESTIMATED COSTS:

(1) Property Surveys	\$ 11,700.00
(2) Rehabilitation (150 man days @ \$2.40)	360.00
(3) Geological mapping	2,000.00
(4) Sampling and Assaying	1,500.00
(5) Road repairs (Labor)	350.00
(6) Diamond drilling (say 4 sections @ 500 metres each)	64,000.00
	<hr/>
TOTAL	79,910.00
Contingencies @ 15%	11,986.50
	<hr/>
	91,896.50
Engineering & Supervision (say 6 months) and Travel	20,000.00
	<hr/>
	\$111,896.50
	<hr/>
Say,	\$112,000.00



Location and Access

The La Dicha deposit is located near the village of Pueblita in the Municipality of Chilpancingo, State of Guerrero, Mexico.

The property can be reached most easily from the city of Acapulco, via highway No.40 for a distance of 82 kilometres to the community of Ocotito. From Ocotito an extremely crooked dirt road extends to Jaleaca. Pueblito is approximately 55 kilometres en route.

It should be noted that the section of road between Ocotito and Pueblito is not passable during the rainy season.

History

The first reports on the property that are available to the writer, were prepared by Professor Robt. T. Hill in 1902 and 1904 and are quoted extensively by a later reporter, Mr. E.D. Elsdon, in 1943.

The first extensive work was done on the property by Mr. George Mitchell in 1902 and subsequent years to 1907. During this period the bulk of the underground work was done, a smelter was constructed and actual mining started. It is understood that the grade of smelter feed did not maintain the anticipated 6% copper and production was discontinued.

The property was again examined in 1923 by Mr. Hoval A. Smith who interested the Thos. F. Cole group in the property. Apparently, before serious work could be undertaken, the De la Huerta revolution commenced and consideration of further work was abandoned.

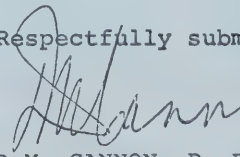
Investigations were renewed in 1942 when Wm. F. Foshag made a relatively superficial examination. In 1968 the property was examined on behalf of Texas Gulf Sulphur and some diamond drilling completed on the flats to the south of the old workings. Some geophysical work was done during this examination.

ECONOMIC ASSESSMENT:

No effort has been made to assess the economic possibilities of this deposit. More work is required and additional statistical data needed before this can be done.

CONCLUSIONS AND COMMENT:

The La Dicha property regardless of the fact that it has been known for many decades, appears to have had insufficient exploration to justify the statements regarding tonnage and grade that have been made concerning it. The diamond drilling that was done, was not a test of the known showings but of projected extensions. An exploration programme of the magnitude recommended is justified as a test of known and sampled exposures.

Respectfully submitted,

D.M. CANNON, P. ENG.



NOTE: The following report is a progress report dated March 13, 1970, by D. M. Cannon, P. Eng., on the La Dicha Project in the State of Guerrero, Mexico.

The following is a Report of Progress at the La Dicha project of International Helium Co. Ltd. since the previous letter dated March 3, 1970.

GENERAL COMMENT

The exploratory work that is currently being done on the La Dicha property was planned as a result of a personal examination of surface and the then accessible underground workings, together with an appraisal of the available data concerning previous investigations, all of which was considered in the light of present metal prices and possible different structural concepts.

Results at hand suggest that the grade as estimated by early operators, i.e., 2.0% copper, cannot be anticipated for the whole bulk of sulphide. However, a grade of 0.8 to 1.0% copper, with a similar zinc content, seems to be a reasonable possibility. If this is proven and a sufficient tonnage that can be mined by open pit methods is developed, the deposit can probably be mined profitably.

A review of the geological data now at hand suggests that the structural concept as it is developing does not differ seriously from that of previous investigators. The massive sulphide is more lenticular than was previously conceived but the zone is still considered to be continuous. The chalcopyrite and sphalerite contained in the pyrrhotite is also irregularly distributed as pods, veins and disseminations. It seems likely that these minerals post-date the pyrrhotite in deposition.

The structural control of the sulphide bodies is still not completely understood. In my opinion the previous concept of a flat synclinal fold, or crumple, zone may require revision, at least in part. The 914 N drill section definitely indicates a lens which terminates at the 914-3 hole. In view of this evidence the problem is to determine the amount of sulphide (or the number of lenses) that exist over the 1300 to 2000 metre length of zone under consideration and also to determine the copper and zinc contents in the lenses.

DIAMOND DRILLING

Three holes totalling 201.8 metres (661.9 feet) have been drilled on section 914, adjacent to No. 8 adit.

Hole 914-1 was drilled to a total depth of 65 metres (213.2 feet). Massive sulphide was intersected at 36.38 metres (119 feet) and continued to 56.8 metres (186.3 feet). The core was assayed for gold, silver, copper and zinc. The weighted average values for the full intersection were:

Gold	Nil
Silver	Trace
Copper	1.24%
Zinc	1.70%

Hole 914-2 was drilled to a total depth of 41.3 metres (135.5 feet) and intersected massive sulphide from 19.75 metres (64.8 feet) to 39.85 metres (130.7 feet). Average values were:

Gold	Nil
Silver	Trace
Copper	0.86%
Zinc	0.62%

Hole 914-3 was drilled to a depth of 95.5 metres (313.2 feet) and intersected two short sections of sulphide at 74 to 76 metres (242.7 to 249.3 feet) and from 92 to 94 metres (301.8 to 308.3 feet). Assays for these intersections have not yet been received.

On section 964 N one drill has been completed and a second started.

A verbal report on D.D.H. 964.1 indicates that massive sulphides were intersected from 53 to 80 metres (173.8 to 262.4 feet) and 83.75 to 85.5 metres (274.7 to 280.4 feet). No assays have been received as yet.

SURVEYING

A survey to orient the respective showings in relation to one another is continuing. A base plan has been prepared.

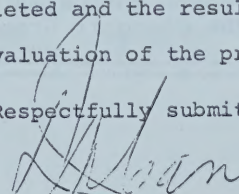
UNDERGROUND WORKINGS

Rehabilitation of the underground workings is continuing. When accessible they will be washed down so the detailed structural mapping can be done.

WORK PROPOSED

It is proposed that the drill sections recommended in my original report be completed and the results analyzed as the first step in the final evaluation of the property.

Respectfully submitted,


D. M. Cannon,
P. Eng.



13/3/70


<p>14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)</p>	<table> <tr> <td>Total Escrowed Shares</td><td>2,916,200</td></tr> <tr> <td>5% =</td><td><u>145,810</u></td></tr> <tr> <td>Gairloch Investments Ltd., P.O. Box 76, Toronto-Dominion Centre, Toronto 111, Ontario.</td><td>1,275,000 (1)</td></tr> <tr> <td>Brantor Ltd., P.O. Box 76, Toronto-Dominion Centre, Toronto 111, Ontario.</td><td>500,000</td></tr> <tr> <td>Gairloch Corporation Ltd., c/o Bank of London & Montreal, Nassau, Bahamas.</td><td>582,105</td></tr> <tr> <td>Louis Erlich, 1250 Shadow Hill Way, Los Angeles, Calif.</td><td>285,000</td></tr> <tr> <td colspan="2">(1) Beneficially owned as to 475,000 shares by Gairloch Investments Ltd., and as to 800,000 shares by Brantor Ltd.</td></tr> </table>	Total Escrowed Shares	2,916,200	5% =	<u>145,810</u>	Gairloch Investments Ltd., P.O. Box 76, Toronto-Dominion Centre, Toronto 111, Ontario.	1,275,000 (1)	Brantor Ltd., P.O. Box 76, Toronto-Dominion Centre, Toronto 111, Ontario.	500,000	Gairloch Corporation Ltd., c/o Bank of London & Montreal, Nassau, Bahamas.	582,105	Louis Erlich, 1250 Shadow Hill Way, Los Angeles, Calif.	285,000	(1) Beneficially owned as to 475,000 shares by Gairloch Investments Ltd., and as to 800,000 shares by Brantor Ltd.	
Total Escrowed Shares	2,916,200														
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(1) Beneficially owned as to 475,000 shares by Gairloch Investments Ltd., and as to 800,000 shares by Brantor Ltd.															
<p>15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.</p>	<p>See Schedule on page 5.</p>														
<p>16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.</p>	<p>Mr. J. A. Gairdner, through his holdings in Gairloch Investments Ltd., P. O. Box 76, Toronto-Dominion Centre, Toronto 111, Ontario, and Gairloch Corporation Ltd., c/o Bank of London & Montreal, Nassau, Bahamas and The Glengair Group Limited, 52nd floor, Toronto-Dominion Centre, Toronto 111, Ontario.</p> <p>Brantor Ltd., Box 76, Toronto-Dominion Centre, Toronto 111, Ontario. All the shares of Brantor Ltd. are indirectly owned by trusts established for the benefit of the families of the children of J. A. Gairdner. J. S. Gairdner is one of the trustees of same and as such trustee has no beneficial interest in any of them.</p> <p>The Glengair Group Limited, 52nd Floor, Toronto-Dominion Centre, Toronto 111, Ontario through its wholly owned subsidiary Glengair Investments Limited of the same address.</p> <p>Ivy Jane Gairdner, James Harland Gairdner and Mary Jane Cantelon, trustees of a trust created for the children of J. S. Gairdner own as such trustees beneficially for the trust directly 3,720,359 and indirectly 152,100 common shares of The Glengair Group Limited which represents in the aggregate approximately 33% of the outstanding equity shares of The Glengair Group Limited.</p>														


17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><th><u>Securities</u></th><th><u>Cost</u></th><th><u>Present Market Value</u></th></tr><tr><td>* Azufres Nacionales Mexicanos, S.A. de C.V. International Helium de Guatemala y Compania Ltda., and Companies Minera "La Ninita"</td><td>\$6,474,501</td><td>No quoted market value</td></tr><tr><td colspan="3">* See note to financial statements attached hereto.</td></tr></table>	<u>Securities</u>	<u>Cost</u>	<u>Present Market Value</u>	* Azufres Nacionales Mexicanos, S.A. de C.V. International Helium de Guatemala y Compania Ltda., and Companies Minera "La Ninita"	\$6,474,501	No quoted market value	* See note to financial statements attached hereto.		
<u>Securities</u>	<u>Cost</u>	<u>Present Market Value</u>								
* Azufres Nacionales Mexicanos, S.A. de C.V. International Helium de Guatemala y Compania Ltda., and Companies Minera "La Ninita"	\$6,474,501	No quoted market value								
* See note to financial statements attached hereto.										
18. Brief statement of any lawsuits pending or in process against company or its properties.	None.									
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	<p>(1) Option agreement between Fernando Ysita Septien and the Company made as of January 6, 1970, as amended, relating to the option to acquire a 49% interest in the shares of La Dicha S.A. (see Item 20).</p> <p>(2) Agreement of settlement between Resources Engineering of Canada Limited and Resources Consultants of Canada Limited, the Company, John D. Park, Louis Erlich, J.S. Gairdner, J.A. Gairdner and J.H. Gairdner relating to the settlement of an action brought by the Resources Companies against the Company. (see Item 20).</p> <p>(3) Agreement dated May 29, 1970 between the Company and Provident Resources Management Ltd., pursuant to which the Company agreed to sell its Pembina oil, gas and mineral properties in Alberta for \$400,000. The 6% Sinking Fund Debenture holders will be asked to pass an extraordinary resolution at the meeting of debenture holders, called to sanction the exchange of indebtedness described in Item 20, authorizing the Corporate Trustee of the Sinking Fund Debentures to release the Pembina properties from the lien of the trust deed so as to enable the sale to be effected. It is contemplated that the Company's indebtedness to the Bank of New York, whose principal amount at the present time is approximately \$205,000, will be retired out of the proceeds of the sale. It is proposed that the sale be authorized by a special resolution, which is a resolution passed by the directors and confirmed, with or without variation, by at least two-thirds (2/3) of the votes cast at a meeting of the shareholders.</p>									
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	See Schedule "C" on pages 6 to 8 inclusive .									

DATED July 29, 1970.

CERTIFICATE OF THE COMPANY

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

"J.H. Hawke" per  **COMPANY LIMITED**
CORPORATE SEAL

"D.C. Vickers" per 
CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

